

**THE OFFICE OF REGULATORY STAFF**

**DIRECT TESTIMONY**

**OF**

**JAMES M. McDANIEL**

**JULY 15, 2009**



**DOCKET NO. 2009-144-C**

**Application of TracFone Wireless, Incorporated for Designation as an Eligible Telecommunications Carrier in the State of South Carolina for the Limited Purpose of Offering Lifeline and Link Up Service to Qualified Households**

**DIRECT TESTIMONY OF JAMES M. MCDANIEL**

**FOR**

**THE OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2009-144-C**

**IN RE: Application of TracFone Wireless, Incorporated for Designation as an  
Eligible Telecommunications Carrier in the State of South Carolina for the Limited  
Purpose of Offering Lifeline and Link Up Service to Qualified Households**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND  
OCCUPATION.**

A. My name is James M. McDaniel, and my business address is 1401 Main  
Street, Suite 900, Columbia, South Carolina 29201. I am employed by the South  
Carolina Office of Regulatory Staff ("ORS") as a Program Manager in the  
Telecommunications Department.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND  
EXPERIENCE.**

A. I received a Bachelor of Science degree in Engineering from the  
University of South Carolina. I worked for the Public Service of Commission of  
South Carolina ("Commission" or "PSC") as an associate engineer and chief of  
the telecommunications area in the Utilities Department for approximately 28  
years. In September 2004, I joined the South Carolina Office of Regulatory Staff  
as a Program Manager in the Telecommunications Department.

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**THE OFFICE OF REGULATORY STAFF  
1401 Main Street, Suite 900  
Columbia, SC 29201**

1   **Q.   HOW LONG HAVE YOU PROVIDED REGULATORY OVERSIGHT TO**  
2   **TELECOMMUNICATIONS UTILITIES?**

3   A.           I have over 30 years experience in the regulation of the  
4   telecommunications industry in South Carolina.

5   **Q.   WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
6   **PROCEEDING?**

7   A.           The purpose of my testimony is to set forth ORS staff findings relative to  
8   its review TracFone Wireless, Inc.'s ("TracFone" or "Company") application for  
9   Eligible Telecommunications Carrier ("ETC") designation within the State of  
10   South Carolina.

11   **Q.   ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS**  
12   **TESTIMONY?**

13   A.           Yes, my testimony provides ORS's findings and recommendations.

14   **Q.   PLEASE PROVIDE AN OVERVIEW OF YOUR REVIEW OF THE**  
15   **APPLICATION OF TRACFONE WIRELESS, INC.**

16   A.           The application of TracFone was filed with the Commission on April 1,  
17   2009. ORS's review of this application identified that TracFone is seeking ETC  
18   designation throughout the State of South Carolina. This includes areas served by  
19   rural and non-rural carriers. In its application, TracFone states that it intends to  
20   resell the services of AT&T Wireless, T-Mobile, US Cellular, and Verizon  
21   Wireless. Additionally, TracFone is seeking federal low income support for the  
22   purpose of providing Lifeline and Link Up service offerings to its eligible  
23   consumers in South Carolina.

1   **Q.    IS TRACFONE REQUESTING ETC DESIGNATION FOR THE**  
2       **PURPOSE OF RECEIVING FEDERAL HIGH COST UNIVERSAL**  
3       **SERVICE FUND SUPPORT?**

4    A.       No. According to its application, TracFone is not seeking high cost  
5       support from the federal universal service fund.

6   **Q.    HOW IS TRACFONE WIRELESS, INC. DIFFERENT FROM OTHER**  
7       **WIRELESS ETCS?**

8    A.       TracFone is a non-facilities based wireless carrier seeking ETC  
9       designation solely for the purpose of receiving federal low income support to  
10      provide Lifeline and Linkup service to eligible consumers. TracFone provides  
11      wireless prepaid services through resell agreements with other wireless carriers.  
12      All other wireless telecommunications carriers seeking ETC designation in SC  
13      provide the supported services through the use of their own facilities or a  
14      combination of their own facilities and the resale of another carrier's services.

15   **Q.    IS TRACFONE ELIGIBLE TO RECEIVE FEDERAL USF SUPPORT?**

16   A.       Yes. The Federal Communications Commission ("FCC") granted  
17      TracFone forbearance from the requirement to be a facilities-based carrier. The  
18      FCC's forbearance Order, FCC 05-165, allows TracFone to resell wireless  
19      services and receive federal Universal Service Funds.

20   **Q.    WHAT CONDITIONS DID THE FCC IMPOSE ON TRACFONE IN**  
21       **ORDER FCC 05-165?**





2) The SC USF Contribution Worksheet;

3) The Gross Receipts Form; and

4) The ETC Annual Certification Report

In addition, the Commission and/or the ORS may require TracFone to file special reports or additional information on an as-needed basis.

**Q. DOES THE OFFICE OF REGULATORY STAFF RECOMMEND APPROVAL OF THE TRACFONE APPLICATION FOR ETC DESIGNATION?**

A. Yes, if specific conditions and requirements, as noted below, are met. ORS recommends the Commission approve TracFone's application because TracFone will provide a variety of benefits to Lifeline-eligible consumers in South Carolina such as increased choice, quality service, portable communications and toll limitation.

ORS recommends the Commission require TracFone to comply with all Commission and FCC conditions and requirements prior to operating as an ETC in South Carolina. Specifically, ORS recommends the Commission require TracFone comply with the following conditions and/or requirements:

1) Provide annually to the Commission a certification that TracFone has met the FCC PSAP certification requirement in South Carolina;

2) Contribute to the SC USF; and

3) Comply with all SC filing requirements.





**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2009-144-C**

IN RE: Application of TracFone Wireless, Incorporated )  
for Designation as an Eligible )  
Telecommunications Carrier in the State of South ) **CERTIFICATE OF**  
Carolina for the Limited Purpose of Offering ) **SERVICE**  
Lifeline and Link Up Service to Qualified )  
Households )

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **DIRECT TESTIMONY OF JAMES M. MCDANIEL** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

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Chrystal L. Morgan

July 15, 2009  
Columbia, South Carolina